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SUMMARY RECORD OF THE 3rd MEETING

Held at the Vienna International Centre, Vienna,
on Tuesday, 7 May 1996, at 3 p.m.

President: Mr. Seung Kon LEE (Republic of Korea)
later: Mr. CAMACHO (Colombia)

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The meeting was called to order at 3.10 p.m.

POLICY FRAMEWORK OF UNIDO — ORGANIZATIONAL AND STAFF STRUCTURE (*continued*) (IDB.15/14)

1. **Mr. SURYOKUSUMO** (Indonesia) commended the efforts of the Director-General and staff of UNIDO to further develop its areas of activity and to continue implementing the reform process aimed at achieving a more efficient and leaner organization. Indonesia was pleased to note that the necessary staff reductions had been carried out successfully, the workforce having been cut to 817, which would still enable the Organization to continue its technical programme delivery. It was gratified in particular by the merger of programmes and functions under Policy Coordination, leading to a reduction in Professional posts from 21 to 17. Not only would the new structure give the Director-General a more manageable span of control, but the new Policy Coordination office would be able to oversee the entire UNIDO management process and provide strategic input for the Director-General.

2. In the light of the reform process, his delegation welcomed the Director-General's launching of a special coordination initiative on industrial development within the United Nations system, in which several meetings with other United Nations specialized agencies had taken place with a view to exploring possible means of co-operation, in particular his recent meeting with the Secretary-General of the United Nations Conference on Trade and Development (UNCTAD). His delegation also welcomed the establishment of annual consultations between UNIDO and UNCTAD aimed at achieving greater complementarity in their respective work programmes and sustainable industrialization and at integrating developing countries into the world trading system.

3. As the UNIDO reform process entered its final stage, his delegation hoped that the recruitment scheme would be completed by the end of the current year. In his view, the United Nations formula used by UNIDO as a basis for calculating informal desirable ranges for the geographical distribution of its staff in the Professional and higher categories duly reflected the principle of equitable geographical representation.

4. Finally, his delegation welcomed the establishment of national industrial advisory councils in various countries, comprising industrialists, representatives from industry-related non-governmental organizations and specialized industrial development organizations, with the aim of identifying specific demands of industry, encouraging funding of UNIDO programmes and promoting entrepreneurial achievements in industry.

5. **Mr. ARIZAGA** (Ecuador) noted that the painful process of staff reduction carried out as a result of the drastic cutback in the budget for the 1996-1997 biennium was nearing completion. His delegation was pleased to note the low number of non-voluntary separations and also the improvement in the ratio of General Service to Professional staff, which was an indication that the staff reduction exercise, although difficult, had been implemented in a more than satisfactory manner. It wished to express its appreciation both to those staff members who had departed and to those who remained for their valuable contribution, which had without doubt been beneficial to the developing countries.

6. The results of the reform to date had enabled the Organization to overcome the financial obstacle created by the withdrawal of its major contributor. The reform was not, however, an end in itself, but a means for UNIDO to better serve the needs of Member States. It was now necessary for the substantive programmes to take their proper place at the centre of attention. UNIDO should be given a breathing space and the opportunity to work on those programmes without being required to deal with new structural proposals and spend time explaining what it had done and intended to do. That did not mean that the Organization was not capable of further improvement, or that it should not report on its activities, but that, after many years of crisis, it should be allowed to pursue its essential function of promoting the industrial development of the countries that needed its services.

7. With regard to the remarks made by the representative of the Netherlands concerning a possible pooling of resources by UNIDO and UNCTAD, although Ecuador noted with satisfaction the joint communiqué recently signed by the two organizations with a view to intensifying consultations between them, it believed that the two agencies complemented one another and that the current final phase of the reform of UNIDO was not the right moment to engage in an examination of a possible merger between them.

8. His delegation wished to express its concern regarding the financial limitations and problems affecting the field representation programme. Ecuador had supported the new field representation framework as outlined in documents PBC.11/11 and IDB.14/25. The possible reduction to 20 offices for the coming biennium was far removed from the target figure of 50 offices referred to in various decisions and resolutions of the Board and of the Programme and Budget Committee (PBC). His delegation therefore wished to call upon those States in a position to do so to support the

programme, with a redistribution of resources by the Secretariat to that end. His delegation would closely follow developments in the matter, and looked forward to the outcome of the Secretariat's cost-benefit analysis to determine UNIDO's coverage of the countries concerned.

9. **Mr. WANG Baorong** (China) said that, after four years of constructive effort, UNIDO had now emerged from the most difficult period in its history. Thanks to the support of Member States, the reform process had at all times proceeded in the right direction, and its practical results would no doubt play a positive role in the general reforms of the United Nations system as a whole.

10. His delegation was pleased to note from the report of the Director-General (IDB.15/14) that the adoption of harsh yet effective measures had enabled UNIDO to better identify its priorities and areas of work and optimize its organizational and staff structure. The Organization would accordingly be able to play an even more effective role in promoting the industrial development of the developing countries and in contributing to social and economic activities aimed at promoting sustainable development and the protection of the environment. As the world's largest developing country, China had always taken part in UNIDO's activities and supported the Organization, particularly during its critical reform period, and would continue to do so in the future. It had always been able to rely on UNIDO's assistance and hoped that the Organization would be in a position to assume a still more active role in relation to all China's activities concerned with sustainable industrial development and environmental protection.

11. The withdrawal of some developed countries from UNIDO had naturally given rise to many problems, particularly in connection with the budget. His delegation was, however, convinced that, with the active support of the majority of the developed countries and of the developing countries, UNIDO would, once the reform exercise was completed, be in a position to play an even greater role on the basis of the specific advantages it possessed.

12. **Mr. MOHANTY** (India) said that the process of reform of UNIDO had to be viewed within the larger context of the reforms which the entire United Nations system was currently undergoing. UNIDO's reform was designed to meet the challenges faced by the Organization at a time of increasingly market-based, private-sector-led industrial development. The continued relevance of industrial development as a means of overcoming unemployment, combating poverty and providing a vehicle for sustainable development and growth underlined the importance of an organization such as UNIDO. His delegation was pleased to note that UNIDO had taken all those issues into consideration when formulating its development objectives, and India fully supported UNIDO's role as a global forum for industrial development issues and as a provider of specialized services in response to developing countries' needs.

13. His delegation noted with satisfaction the efforts made to meet the challenges recently faced by the Organization through a process of structural and financial reforms. In its restructuring process, UNIDO had introduced several innovative management practices and programme initiatives and had identified key priorities. However, the ultimate success of the reform would depend largely on the quality and expertise of the staff. The Organization should therefore recruit persons who had suitable experience in the identified thematic and sectoral areas and who had had exposure to the problems of industrialization in the developing countries, while still observing the principle of equitable geographical representation. In that connection, the suggestions made by the representative of Japan regarding recruitment and field experience deserved serious consideration by senior management.

14. With regard to the suggestion concerning the merging of the capabilities of UNIDO and UNCTAD, UNCTAD had primarily been a forum for discussion of trade-related development issues and had never had any role in providing technical assistance or specialized services in the field of industrial development. UNIDO, however, had played a vital supporting role in the industrialization of the developing countries, mainly through the provision of specialized services and technical assistance, and after the reform would no doubt continue to perform a very effective function in those areas. His delegation would therefore like to dissociate itself from any proposal to merge the Organization with any other specialized agency.

15. **Mr. BENMOUSSA** (Morocco), referring to the statement made by the representative of the Netherlands concerning the possibility of merging UNIDO and UNCTAD, said that, in order to set the question in its context, it was necessary to trace the development of the international economic order that had emerged since the foundation of the United Nations. That order had initially rested on three supporting bodies — IMF, IBRD and GATT, now WTO, subsequently joined by WFP, IDA and UNDP. Those last three bodies and the World Bank were headed by United States nationals, and WTO by a national of a European Union member. After the decolonization period and following the creation of the non-aligned movement, a further group of organizations had been established, departing somewhat from the philosophy prevailing when the initial institutions had been set up, namely, UNCTAD, UNIDO and the

regional commissions. All those bodies were headed by representatives from the developing world, which might possibly explain why those organizations were constantly under attack. A third stage in the development of the United Nations system had produced a number of organizations responsible for cooperation matters, of which UNICEF, UNEP and WIPO were headed by United States nationals. The head of WHO was a Japanese. Although FAO and the United Nations Population Fund were headed by nationals from developing countries, the developing world could be seen to be grossly underrepresented. That was one reason why it was hard to understand the withdrawal of the United States of America from UNIDO.

16. UNCTAD and UNIDO balanced each other within the overall multilateral system, and the agreement recently concluded between them demonstrated that the problems of coordination were not as serious as might be imagined. Indeed, it could be deduced from General Assembly resolution 47/199, which had introduced the country strategy idea, that coordination matters were being dealt with properly and that the issue was diminishing in importance, bearing in mind also the existing system of resident coordinators and the fact that UNDP had over 130 resident representatives across the world.

17. At its recent meeting in New York, the Group of 77 had agreed that UNIDO should continue to serve as the sole United Nations agency responsible for promoting industrial development in the developing countries and as a provider of integrated technical cooperation services to those countries. Moreover, the declaration recently adopted by the Heads of State and Government of the non-aligned movement had emphasized that UNIDO's importance stemmed from its capacity to deliver essential services in the field of industrial development, to conduct impartial and independent analyses of global, regional, national and sectoral industrial development issues and to provide valuable technological information and advice.

18. Turning to personnel issues, he said that the geographical representation of staff at UNIDO, as illustrated in table 4 of document IDB.15/4-PBC/AS.3/4 was one of the most inequitable in the United Nations system and it would perhaps be years before equitable geographical distribution was achieved. With regard to the question of separation, he asked what would happen to those staff members who, after separation, wished to remain in Austria. What would Austria's policy be towards them when they were no longer international civil servants? Regretting the distress caused to the families of such staff members, he expressed his sympathy to all those affected by the separation programme.

19. **Mr. BAJOWA** (Nigeria) commended the Director-General for pursuing the reform process. The reform was now in its final stage and the Organization could concentrate on its assigned mandate, which had not been eroded despite the rationalization of programmes and resources. The Organization would continue to be of particular relevance for Africa's industrialization and development. Any attempts to destabilize UNIDO or change its status could have a detrimental effect on the developing countries and should be resisted. His delegation had, however, noted the gross underrepresentation of Africa in the Secretariat and in field offices and hoped that the balance could be redressed without too much difficulty. Nigeria also hoped that the current budgetary constraints would not be allowed to unduly affect the technical assistance programme, which was of great significance to developing countries, particularly those in Africa. UNIDO deserved the support of all Member States, in political as well as financial terms and his Government had recently paid part of its assessed contribution to the Organization.

20. The Country Director (UCD) programme had significantly contributed to achieving the Organization's objectives, and deserved further support. He would encourage UNIDO to further strengthen its working relationship with other organizations in the United Nations system and welcomed its participation in the System-wide Special Initiative on Africa. The new programme initiatives, such as the Alliance for Africa's Industrialization, were also to be welcomed. However, care should be taken to ensure that the Alliance did not jeopardize other programmes already in existence, particularly the IDDA programme, and he would be grateful for further information on the subject.

21. Referring to document IDB.15/6, he said that a clearer indication of the various projects and activities covered by the IDDA programme should be given. His delegation endorsed the outlook for 1996-1997 and welcomed the six priority areas identified. Nigeria supported UNIDO's proposed meeting with the African Development Bank, ECA and OAU and would be in favour of further such inter-agency collaboration to promote industrial growth.

22. Nigeria itself had continued to pursue an industrialization programme in accordance with the general direction agreed for the second IDDA. Emphasis had been placed on private and public sector collaboration. His Government had also continued its privatization and commercialization programme. Thirty-six of the 111 companies covered by the programme were in the manufacturing sector and 15 such companies had now been privatized. In order to create an environment conducive to business his Government had abrogated laws that had impeded investment, established an

investment promotion commission and decided to enter into bilateral investment promotion and protection agreements with its trading partners. Nigeria had also set up an export processing zone, and approval had been given for the establishment of export processing factories in different locations in the country. He called for UNIDO's role in developing small and medium-sized enterprises in Nigeria to be strengthened and, welcoming the establishment of Investment Promotion Service Offices in developing countries, he expressed Nigeria's interest in having such an office.

23. Finally, he drew attention to his Government's efforts at democratization, which he hoped the international community would appreciate at their due worth.

24. **Mr. AL-ZEID** (Saudi Arabia), referring to resolution GC.6/Res.1, noted that many countries were still underrepresented in the Secretariat. While his delegation would encourage the Director-General to continue to implement the reforms, more opportunities should be given to staff members from developing countries.

25. **Mr. CARRIER** (President, UNIDO Staff Council) said that everybody involved in the reform process — the staff, administration and Member States — had to face up to their responsibilities. The staff had displayed great resilience, but their morale was dwindling. The administration had shown its readiness to reform, albeit at great human and financial cost. The response from Member States, however, had been varied: the major contributor had withdrawn, some countries balked at the idea of making regular payments, while others were simply not in a position to do so. The result was that those countries that were committed to the cause of industrial development bore a disproportionate burden. If all Member States gave firm support to the Organization, that would serve the twofold purpose of reducing the real suffering among the staff and removing the inequality between regular and irregular contributors to the budget. Industrialization's role as one of the most powerful engines of advancement and an effective force in the struggle against poverty had to be accepted.

26. Governments should not be guided by national self-interest when working to bring about change. In that connection, he drew attention to Article 11.4 of the Constitution, according to which the Director-General and staff were not to seek or receive instructions from any Government or any authority external to the Organization and Member States were not to seek to influence them in the discharge of their duties. If the basic principles of the relationship between the Organization and its Member States were heeded, a genuine partnership could be built. It should never be forgotten that membership of an international organization brought costs as well as benefits. If there was no clear vision of how UNIDO was to evolve in the future, it might well fall victim to political circumstance, and the only way forward to sustainable development might then be lost.

27. **Mr. DE MARIA Y CAMPOS** (Director-General) expressed his satisfaction with support shown by Member States in the debate for UNIDO's specialized role and their concern to improve its effectiveness. Since the recent General Conference session, the Organization had been facing the challenge of reform. While he had made every effort during the previous few months to keep Members and staff abreast of the progress made, it was clear that everyone could not always be kept informed of all events. The results obtained so far had been encouraging, and groups working on the reform of the United Nations system as a whole had considered that UNIDO's experience might be used to help other organizations facing similar challenges. Time was now essential to enable the reforms to be consolidated and a new working culture to take root at all levels.

28. He had been pleased to note that the high-impact programmes had been welcomed and appreciated the funding commitments that Member States were already making for these new initiatives.

29. UNIDO was developing its function as a global forum and as an adviser on the policy and the normative aspects of industrial development, and he would report to the IDB at its sixteenth session on the progress made. While he agreed with the representative of the Republic of Korea that UNIDO should not be too ambitious with regard to the global forum function, much of its current work already supported that role. His consultations with other international organizations and financial institutions had highlighted the need for technical support on industrial issues in an increasingly globalized and interdependent world. He welcomed the support for the initiatives regarding inter-agency cooperation, particularly the planned cooperation with UNCTAD. However, if cooperation was to be fruitful the mandates and functions of each agency should be clearly defined, and he had already sent documents to the heads of some specialized agencies indicating lines of demarcation in accordance with UNIDO's mandate. A meeting of organizations involved with trade and development issues, such as WTO and ITC, would be a step in the right direction, and he hoped that such a meeting would take place in the near future in Milan.

30. In response to the issues raised about Africa by the Chairman of the African Group, he confirmed that Africa was UNIDO's top priority. Efforts had been made to maintain and reinforce African programmes, which would be further strengthened, even though that was no

easy matter in view of the reduction in resources. He said that Africa had suffered least in the UNIDO reform process. He had also decided to establish a special task force, the Alliance for Africa's Industrialization, to ensure coordination at the highest level. The appointment of a senior adviser would greatly enhance the implementation of the IDDA programme.

31. Most of the least developed countries were in Africa and they would be given continuing support. But there were also least developed countries in Asia, and the current head of the Least Developed Countries unit was an Asian. The unit had been reinforced by an extra staff member from an African least developed country. There were many other colleagues in UNIDO who were ready to work for Africa, even though they did not come from the countries involved.

32. Considering that the Second Industrial Development Decade for Africa had been established some years previously, it was necessary to bear in mind both the changes that had occurred in the world since then and the desire of African countries to update the programme. As had been discussed with the African Ministers of Industry at Pretoria, the purpose of the Alliance was to update the Industrial Development Decade for Africa. It was hoped to mobilize additional financial resources, and various approaches were being explored. The idea was to establish a realistic approach, based on Africa's real needs and political will.

33. Another general issue was administration. Various suggestions had been put forward as to how UNIDO might be managed better. The Constitution was clear on the respective roles of the policy-making organs, the Secretariat and the Director-General, and he had endeavoured to work on that basis. It was important to consider areas for improvement at each level. Part of the reform process of UNIDO had been a very careful analysis of internal administration, which had involved in-house staff and external consultants in a very thorough exercise. Every managing director had areas of responsibility and over 100 UNIDO staff had participated in the exercise. Efforts had been made to bring about decentralization within the Organization through modern management methods and delegation of responsibilities.

34. As mentioned by the representative of Turkey, it was also necessary to consider field decentralization, which was referred to in the document on the reform of UNIDO. UNIDO had a working group on field representation that was investigating how not only people, but also decision-making, could be decentralized to the field. Progress was being made in areas such as the mobilization of financial resources, and decisions on small projects and certain items of expenditure. Furthermore, some countries were so large that it was necessary to decentralize within the country. He could not be more convinced of the need to reinforce UNIDO's representation in the field, but it would be difficult to do so with reduced resources and progress in that area would depend on the response of Member States. Some of the least developed countries were now financing their own offices. In reply to the comments made by the representative of Japan, he said that further consideration should be given to host country financing.

35. In reply to the comments made regarding the absence of investment promotion offices in Africa, he said that such offices had to be financed by the host country, by decision of the Board. In the particular case of Morocco, a proposal had been made whereby the IPS officers would be nationals and the question of international salaries would not be a problem. There would very soon be an office in Egypt, with the support of the Italian Government.

36. Another approach was to establish focal points, as had been done in many developing countries. It was a matter of finding the appropriate formula to ensure the full mobilization of support for investment in Africa and in any other developing region.

37. The question of consultation on the recruitment of staff to fill high-level posts had been raised by a number of Member States. According to the Constitution, the Director-General was responsible for finding the most capable individuals. He had been endeavouring to increase the representation of underrepresented regions and countries. That had not been and would not be an easy task, in view of the reduction in staff numbers. That was why new desirable ranges of representation had been submitted to Member States. In the UNIDO reform process, he had taken particular care, with regard to non-voluntary separations, to maintain African representation.

38. He announced that the job profiles for the Managing Director posts that were open for recruitment would be made available before the end of the session.

39. With respect to the extension and termination of staff appointments, there was no constitutional requirement for the Director-General to consult Member States, and that was not the practice in other United Nations agencies. Any departure from that policy would cast doubt on the responsibility and accountability of the staff and the Director-General and risked over-politicizing an organization that, more than others, had to be a technical and flexible one. In the case of appointments of Managing Director, he would endeavour to follow a transparent policy of consultation, but it was important to distinguish between the responsibilities of the Director-General and those of the policy-making organs.

40. *Mr. Camacho (Colombia) took the Chair.*

PERSONNEL MATTERS

41. **Mr. van RAALTE** (Managing Director, Division of Administration), introducing the report by the Director-General (IDB.15/4), said that chapter I described progress in implementation of the personnel separation scheme, on which the General Conference had requested a report. The very first measures had been undertaken in 1995, with the non-extension of short-term appointments and fixed-term appointments of less than one year. Such non-extensions, together with natural attrition, had affected some 60 staff members. The second and voluntary phase of the programme had generated 144 requests for separation, 16 of which had been refused by the Director-General in the interests of the Organization. The remaining 128 staff members had been granted agreed separations. The third and current phase of the staff reduction, the non-voluntary phase, was still in progress, but was almost complete. That phase was administered by the Advisory Group on Human Resource Planning, with representatives of management and staff. The Committee had looked at 40 staff members whose posts were affected, to see whether they could be reassigned. Sixteen had been redeployed. The Committee should be complimented on its work, which had involved more than 20 meetings.

42. Nine women Professionals had opted for agreed termination, but there had been no significant change in women's representation at the Professional level. The same applied to geographical representation, the percentages of the different groups of countries having changed very little since the staff reduction. The ratio of General Service to Professional posts, excluding the Buildings Management Service, had fallen from 1.4 to 1 in December 1995 to 1.2 to 1 at present, a significant improvement.

43. Individual counselling and workshops had been offered to staff members separating from UNIDO, to help them deal with the emotional and practical consequences of losing their jobs. Quite a few seminars had already been organized and others were scheduled. Twelve staff members had found employment in other United Nations organizations or agencies, including peacekeeping.

44. Chapter II of the report contained information on the composition of the Secretariat, including the informal desirable ranges of representation. In keeping with Article 11.5 of the Constitution, UNIDO paid due regard to the importance of recruiting staff on a wide and equitable geographical basis. A number of recent factors had had an effect on the informal ranges. They included the significant decrease in the number of posts subject to geographical distribution, from 400 to 300, an increase in the number of Member States to 170, including two seats reserved for future memberships, and changes in the Organization's contribution scale. Although the net effect had been minimal for most countries, it had meant a decrease in the desirable range in particular for the larger contributors.

45. Chapter III dealt with amendments to the Staff Regulations and Rules. As provided in Article 11.5 of the Constitution, UNIDO ensured that the conditions of service for its staff complied with the resolutions adopted by the United Nations General Assembly on the recommendation of the International Civil Service Commission. The chapter also contained information on adjustments, amendments and deletions to various schedules and appendices to the Staff Rules, emanating from General Assembly resolutions, which had already been implemented and on amendments to the Staff Rules necessitated by the introduction of the new staff performance evaluation system on 1 January 1996, which linked within-grade step increases to satisfactory performance.

46. **Mr. HOJJAT** (Islamic Republic of Iran) said that, while grateful for the information in document IDB.15/4, he wished to stress the need for full compliance with paragraph (d) of resolution GC.6/Dec.14 on cost-effectiveness, as well as the essential points covered by the report of the External Auditor.

47. Paragraph 1 of decision GC.6/Dec.11 had requested the Director-General to present information on "desirable ranges of representation" of Member States. For the 123 States in lists A and C, the range effective from 1 January 1997 was supposed to be 137-260 staff, whereas in fact only 102 staff from 55 States had been employed as of 1 April 1996. One other region was represented by more staff than its desirable range, and another was at the midpoint of its range. He therefore expected that, in conformity with Article 11.5 of the UNIDO Constitution and with previous requests made in resolutions by the General Conference and the Board, in documents GC.6/Res.1 (paragraph 5 (b)) and IDB.12/Dec.9 (paragraph (f)), as well as with resolution 42/220 of the United Nations General Assembly, proper steps be taken by the Director-General to rectify the situation.

48. The number of staff from developing countries in lists A and C had actually declined since 31 December 1995, whereas the number from countries with more than the desirable range of posts had increased. Considering the explicit principle in General Assembly resolution 42/220 to the effect that "no posts should be considered the exclusive preserve of any Member State or group of States", as well as para-

graphs 3 and 4 of Article 11 of the UNIDO Constitution, his delegation asked the Secretariat to halt the reduction of staff from developing countries. If posts had to be eliminated, the services of the staff in question should be utilized elsewhere. Action should be taken to distribute posts held by nationals of countries that were not UNIDO members among developing countries, and the developing countries should be asked to make nominations for the posts in question. Due attention should be paid to the guidelines in decision IDB.13/Dec.2, paragraph (e), regarding Managing Director posts.

49. **Mr. KASEMSARN** (Observer for Thailand) said that African and Asian States were underrepresented in the Secretariat at the Professional and higher levels, the number of staff from such States being below the minimum prescribed under the new United Nations formula, which took membership, population and contributions into account. He requested the Director-General to use the figure of 42.85 per cent as a floor percentage in any future adjustments of geographical representation.

50. The presence of only four staff members at the Professional level in the Asian and Pacific Bureau to service 24 Member States would adversely affect the implementation of programmes. He therefore requested the Director-General to appoint at least two more staff at the Professional level, either by recruitment or redeployment, in line with the approved 1996-1997 programme and budget levels, and also to provide adequate General Service support.

51. **Mr. VAN RAALTE** (Managing Director, Division of Administration) agreed with the representatives of the Islamic Republic of Iran and Thailand that groups A and C were underrepresented on the staff.

52. He pointed out that the administration had very little control over the voluntary phase of staff reduction, except that the Director-General could refuse requests for separation from staff members, which occurred in only a few cases. There had been hardly any involuntary separations of staff members from regions A and C. A serious effort would be made to select candidates from those areas to fill the small number of vacancies that would be available during the remainder of 1996 and in 1997. He invited Governments to help in finding suitable candidates.

53. **Mr. DE MARIA Y CAMPOS** (Director-General) said that in the recent past there had not been much scope for remedying imbalances in geographical distribution by means of recruitment. The non-payment of assessed contributions by the United States had made it necessary to keep an important number of posts vacant for financial reasons. He hoped that the situation would improve by the end of 1996.

54. The Bureaux had different functions from the earlier area programme units and were engaged in formulating overall programmes in coordination with the field representation. The underrepresentation of Asia was due to voluntary separations and natural attrition.

55. He invited proposals from Governments for candidates from underrepresented regions to fill a number of posts that had been advertised, some of which were highly technical in nature.

56. He assured members of the Board that he shared their desire to see the situation rectified.

MOBILIZATION OF FINANCIAL RESOURCES FOR UNIDO PROGRAMMES (IDB.15/7)

UNIDO TECHNICAL COOPERATION ACTIVITIES IN 1995 INCLUDING OPERATIONAL ACTIVITIES FOR DEVELOPMENT (IDB.15/13; IDB.15/CRP.5)

57. **Mr. DEROY** (Managing Director, Country Programmes and Funds Mobilization Division) said that UNIDO's response to the reduction in UNDP funding from $88.7 million in 1990 to $20.8 million in 1995 had been to diversify its portfolio for financing programmes and projects. Thanks to the contributions of Member States, the level of the Industrial Development Fund had been maintained, and efforts had been made to secure contributions from a wider range of ministries and to increase the share of contributions in convertible currencies. A similar effort to expand the freely programmable part of the IDF was desirable.

58. In line with the wishes of Member States to engage in activities with multilateral financing organizations for development, the Director-General had signed a memorandum of understanding with the President of the Inter-American Development Bank, which would enable UNIDO to implement technical cooperation financed by the Bank. Similar action was shortly to be taken with the World Bank, the African Development Bank and the European Union.

59. In addition, other global funds were being mobilized successfully, e.g. for industrial technical cooperation activities such as those related to the Multilateral Fund for the Montreal Protocol for the benefit of Member States. In the priority area of agro-industries, UNIDO had programmed $11 million at present under the Common Fund for Commodities. A portfolio of projects totalling $15 million was under discussion with the Global Environment Facility.

60. In order to supplement this diversification of financial resources it was of course necessary to ensure

their best integration into the programming of activities, which had been done with the establishment of the Country Programmes and Funds Mobilization Division. Such synergy was also applied in the field in order to offer better chances for programme financing at the request of Member States.

61. More flexible financial modalities were also necessary to enable UNIDO to adapt rapidly and to follow up new opportunities discovered. Among the efforts made to improve services in that context was the use of the UNIDO home page in the World Wide Web of Internet to present information on openings for technical cooperation.

62. He emphasized the importance to UNIDO of closer contact with the missions of Member States, whose ideas and suggestions would be followed with the greatest attention.

63. **Mr. LÜTKENHORST** (Secretariat), introducing the note by the Director-General on operational activities for development (IDB.15/13), said that UNIDO had been an active participant in system-wide discussions in the United Nations on all aspects of operational activities for development. UNIDO fully subscribed to the principles formulated in General Assembly resolution 50/120, such as the importance of the programme approach and national execution, the need for simplification and harmonization of rules and procedures and the desirability of using common field premises. A new memorandum of understanding with UNDP could take effect very soon.

64. Document IDB.15/13 drew attention to four aspects of UNIDO's efforts in capacity-building through the programme approach and national execution: the introduction of seven thematic priorities; the development of five high-impact programmes; UNIDO's increasing involvement in national execution as an implementing agency, the value of such projects, in the case of UNDP funding, now being equal to that of projects executed by UNIDO itself; and UNIDO's participation in system-wide efforts to assess the impact of the national execution modality and the preconditions for its successful application.

65. The General Conference had requested in resolution GC.6/Res.2 that the Annual Report for 1995 should be submitted to the Board at its sixteenth session, in November 1996, and the Report would therefore be issued somewhat later than usual. Conference Room Paper 5 accordingly provided advance information on UNIDO's technical cooperation delivery in 1995. It showed that in 1995 all aggregate technical cooperation figures had increased over the 1994 level.

66. A new system had been introduced for the coding of technical cooperation projects, which would make it possible, as of 1996, to report on a number of additional aspects, including the distribution of technical cooperation activities among the seven thematic priorities.

67. **Mr. AL-HOMIDI** (Qatar) hoped that in future documents would be made available in all working languages at an earlier date.

68. His delegation stressed the importance it attached to General Assembly resolutions 47/199 and 50/120 regarding development activities within the United Nations system. He was gratified to note UNIDO's action in finding new sources of finance and the new policy for more structured contacts with donors and lending agencies, using both the United Nations system and the private sector. That would reduce dependence on UNDP.

69. The Industrial Development Fund was important as the main source of extrabudgetary funding, and he called on all Governments and multilateral funding agencies to increase their contributions to it, especially in hard currency.

70. The identification of priority sectors by UNIDO could lead to more effective mobilization of funds. Contacts with all donors would help to secure their participation in the structuring of programme activities and increase their involvement in the implementation of UNIDO programmes. Priority should be given to Africa and the LDCs, especially in the agro-food sector.

71. He was confident that the efforts made by UNIDO to streamline its activities and reform its structure would bear fruit in the not too distant future, so that its goals could be achieved and priority needs for development met, through close cooperation between all departments of the Organization and with the private sector.

72. **Mr. NEGRU** (Romania) said that the approach based on a country strategy and integrated programmes had been adopted for the Work Programme approved by the Joint UNIDO-Romania Centre in October 1995. The projects included in the programme met some of the selection criteria established by UNIDO: they represented priorities, they focused on specific support services and they were of a nature to benefit from UNIDO's expertise in the industrial field. Conditions in the countries of Central and Eastern Europe had changed: rather than general sectoral assistance, the need was now for specific assistance to companies in dealing with problems related to environmental protection or the improvement of performance in a market economy.

73. The Romanian economy had grown substantially over the past year, in both the industrial and the agricultural sectors, while inflation and unemployment were declining. A mass privatization process involving the free transfer of property in former State-owned companies to more than 89 per cent of the adult population had been completed on 30 April 1996, and large packages of the remaining shares were being sold to strategic investors. The economic environment was thus changing completely, and UNIDO needed to adapt to the new situation, helping companies deal with problems such as increased competition, adaptation of obsolete installations to environmental regulations and the general lack of investment capital. With those goals in mind, Romania had tried to include in the Work Programme proposals for technical assistance projects identified together with the end-users. One of the most important had related to improvement of the operation of a large lead and zinc smelting company, financed through a trust fund provided by the Government of Japan. Another concerned the environmental problems encountered by the country's largest antibiotics manufacturer, leading to the preparation of a technical guideline for waste water treatment. A third project had related to risk management in petrochemical installations, and the good results obtained might lead to the organization of a regional seminar on the subject. He congratulated UNIDO on the quality of its consultants and project managers.

74. Very good results had been obtained by the United Nations Centre for the Promotion of Small and Medium Enterprises in providing counselling and training services for private sector entrepreneurs.

75. His country supported the Secretariat's efforts to improve the monitoring and evaluation of UNIDO projects and had cooperated in an assessment made by the United Kingdom Government, which it believed would confirm the importance of UNIDO's role.

76. While 1995 had been a good year, the situation with regard to the promotion of new projects was disappointing. Apart from two projects financed by the Multilateral Fund of the Montreal Protocol, not a single project had been approved by UNIDO for more than one year. The Director-General and the Secretariat should find ways to ensure the promotion of priority projects in the months to come, so that the good cooperation developed between Romania and UNIDO in past years would continue.

77. He hoped that the discussions at the current session would help to identify measures which would allow the Organization to overcome its difficulties and continue to play its role in the sustainable industrial development of the world.

The meeting rose at 6.10 p.m.